

REAL ESTATE MORTGAGE

TERRA XXI, Ltd, a Texas Limited Partnership, Route 1, Box 160, Hereford, Deaf Smith County, Texas 79045, hereinafter called Mortgagor, for consideration paid grants to Ag Acceptance Corporation, P. O. Box 668, 2302 West First Street, Cedar Falls, Black Hawk County, IA 50613, hereinafter collectively called Mortgagee, the real estate in Guadalupe and Quay Counties, New Mexico, described on Exhibit "A" attached hereto and incorporated herein by reference, with mortgage covenants.

1. This mortgage secures the performance of the following obligations:
 - (a) Payment of obligations set forth in the following promissory notes: (i) Master Promissory Note dated March 20, 1997, as supplemented by the Agreement to Supplement Master Promissory Note dated May 19, 1997, executed by Veigel Farm Partners and made payable to Ag Services of America, Inc., in the amount of \$525,000.00, and (ii) Master Promissory Note dated May 8, 1998, executed by Veigel Farm Partners and made payable to Ag Services of America, Inc. in the amount of \$700,000.00. Mortgagee is the present holder of the notes.
 - (b) Payment of all loans, advances, indebtedness, or liabilities, whether now existing or which hereafter come into existence, whether matured or unmatured, whether direct or indirect, whether obligatory or discretionary, absolute or contingent, primary or secondary, including any extensions and renewals thereof, due Mortgagee from Veigel Farm Partners or Mortgagor.
 - (c) Payment of all expenses incurred by Mortgagee should Mortgagor or its assigns become involved in litigation by reason of this mortgage, including, but not limited to, reasonable attorney's fees and abstract costs.
 - (d) Payment of all sums expended by Mortgagee pursuant to the terms and provisions of the statutory mortgage condition.
 - (e) Payment of a reasonable attorney's fee if the indebtedness secured hereby is placed in the hands of an attorney for collection.
2. This mortgage is also subject to the following conditions in addition to the statutory mortgage condition:
 - (a) If Mortgagor or Veigel Farm Partners fails to perform any obligation or promise under this mortgage or under any indebtedness secured by this Mortgage, or misrepresents any material facts to Mortgagee, or in the event Mortgagor or Veigel Farm Partners performs some act prohibited herein or allows some act to happen which Mortgagor or Veigel Farm Partners is obligated to prevent, then in any of such events, Mortgagee may at its option declare all amounts hereby secured immediately due and payable.
 - (b) All rights and remedies of Mortgagee under this mortgage are accumulative and not exclusive.
 - (c) Any obligation secured by this mortgage not otherwise specifying interest shall bear interest at the highest legal rate until paid.
 - (d) A waiver by Mortgagee of any default under this mortgage shall not be construed as a waiver of future defaults.

3. This mortgage is subject to foreclosure as provided by law upon any breach of the statutory mortgage condition or other conditions hereof by Mortgagor.
4. Mortgagee's agents or employees may enter the above described premises for the purpose of inspection.
5. All damages awarded as a result of condemnation for injury to, or taking of any part of all of the above described property, are hereby assigned to Mortgagee, and Mortgagee shall have the option to apply the monies received to any amount secured under this mortgage or to release such monies to Mortgagor.
6. The amount specified for insurance, as provided in the statutory mortgage condition, is \$_____, and the hazards to be insured against are "fire and extended coverage hazards." A copy of the insurance policy shall be deposited with Mortgagee, which shall be loss payee under the policy.
7. It is expressly agreed that in case of foreclosure of this mortgage, upon the filing of the complaint for such foreclosure, a receiver may be appointed immediately and without notice to the defendants in such proceedings, to take charge of the mortgaged premises and to hold possession of the same until the foreclosure sale thereof or until the indebtedness hereby secured is fully paid, and all rents and profits derived from said premises, less the costs and expenses of the receivership, shall be applied on the indebtedness secured hereby.
8. It is further agreed that in the event of judicial foreclosure of this mortgage, the period of redemption shall be limited to one month after date of sale and that Mortgagee or its assigns may become the purchaser of the premises, or any part thereof, at such sale.

WITNESS its hand and seal this 22 day of May, 1998.

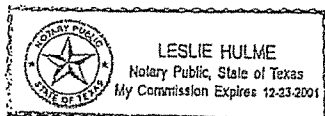
TERRA XXI, Ltd., a Texas Limited Partnership,
Veigel Cattle Company, General Partner

By: Bob W. Veigel
Bob W. Veigel, President
Veigel Cattle Company, General Partner

ATTEST:

THE STATE OF TEXAS §
§
COUNTY OF LUBBOCK §

This instrument was acknowledged before me on the 22 day of May, 1998, by Bob W. Veigel, President, Veigel Cattle Company, General Partner of TERRA XXI, Ltd., a Texas Limited Partnership.



Leslie Hulme
Notary Public, State of TEXAS

Proposed to add to following Exhibits Page 2 of 3 as to the land of Guadalupe and Quay
 C. P. Mes, New Mexico:

Township 6 North, Range 29 East, N.M.P.M.
 Section 19: NE¼

Township 7 North, Range 27 East, N.M.P.M.
 Section 3: Lots 1, 2, S¼NE¼ (NE¼)
 Section 5: Lots 1, 2, 3, 4, S¼NW¼ (NW¼); SE¼
 Section 6: S¼NE¼; Lot 1 (NE¼NE¼); SE¼NW¼
 Section 7: Lots 1, 2, 3, 4, E¼W¼, SW¼ (All)
 Section 8: NW¼
 Section 17: SW¼
 Section 18: Lots 1, 2, 3, 4, E¼W¼ (W¼); SE¼
 Section 19: Lots 1, 2, E¼NW¼, NE¼ (NW¼)
 Section 20: NW¼
 Section 27: SE¼
 Section 34: NE¼

Township 8 North, Range 27 East, N.M.P.M.
 Section 28: SW¼
 Section 29: SE¼
 Section 32: E¼; SW¼
 Section 33: E¼
 Section 34: W¼; SE¼

Township 7 North, Range 26 East, N.M.P.M.
 Section 11: E¼SE¼
 Section 12: E¼; E¼NW¼
 Section 13: NE¼; SE¼
 Section 14: W¼SE¼
 Section 22: Lots 1 and 2; NE¼; NW¼SE¼
 Section 23: Lots 1, 2, 3, 4, 5, 6, 7, 8; NW¼; NW¼SE¼ (All)
 Section 24: Lots 1, 2, 3, 4, 5, 6, 7, 8; NW¼; NW¼SE¼ (All)
 Section 25: W¼
 Section 26: All

EXHIBIT "A"

STATE OF NEW MEXICO

County of Guadalupe

I hereby certify that this instrument
 was filed for record on the 12 day
 of JUNE A.D., 1998
 at 11:00 o'clock P M and duly
 recorded in book 50 of page 530-532
 Witness my hand and Seal Of Office

Mary Rice, County Clerk
 by Rita M. Smith Deputy